

OFFICE OF
THE ATTORNEY GENERAL



STATE OF UTAH

py: rh.A.

R. PAUL VAN DAM - ATTORNEY GENERAL

RECEIVED
NOV 17 1989

236 STATE CAPITOL • SALT LAKE CITY, UTAH 84114 • TELEPHONE: 801-538-1015 • FAX NO. 801-538-1020

DIVISION OF
OIL, GAS & MINING

November 16, 1989

JOSEPH E. TESCH
CHIEF DEPUTY ATTORNEY GENERAL

*KS orig mine file
cc L. Rayton
W. Hedberg
BRN*

Mark K. Stringer
Robinson, Seiler & Glazier
80 North 100 East
P.O. Box 1266
Provo, UT 84603-1266

Dear Mark:

I have reviewed the documents supporting American Consolidated Mining Company's proposal surety for the Yellow Hammer Mine and offer the following observations. *m/045/019*

First, as we had discussed on October 26th at the Board hearing, the Division and Board would be reluctant to accept an out-of-state disturbed mining property as collateral for any Utah mining operation. I am well aware that ACMC is offering the promissory note in the amount of \$40,000 from Raymond Naylor as the actual collateral. Unless, though, Mr. Naylor pays off the note, or ACMC comes up with an alternative surety, the State would be forced to take over the California mining property securing the promissory note.

Under ideal circumstances, acceptance of the promissory note may have been acceptable. In this instance, though, contrary to our understanding, no active mine exists on this California property. Our information indicates that this is an old hydraulic mining district and, although there may be commercially extractable residual minerals, the Crystal Hill claim exists as an inactive, disturbed, unpermitted mining site.

Under the circumstances, then, the Division finds that the proposed form of surety is not acceptable. I will assume, therefore, that we have a hearing before the Board on November 30, 1989.

If you can provide an acceptable form of surety in the amount of \$16,000 before the hearing, please contact me to work out the details.

Very truly yours,

Barbara W. Roberts
BARBARA W. ROBERTS
Assistant Attorney General